GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:485
ANSWERED ON:22.12.2000
FOREIGN EXCHANGE RESERVES QUESTION .
VINAY KUMAR SORAKE

Will the Minister of FINANCE be pleased to state:

(a) whether a major share of foreign exchange reserves is comprised of NRI deposits;

(b) whether there has been a stampede for NRI Deposit withdrawals in the wake of plummeting of the rupee value in recent months;

(c) to what extent our exports are poised to make up for the depletion caused by NRI withdrawals; and

(d) the other steps the Government propose to take to increase foreign exchange reserves?

Answer

FINANCE MINISTER (SHRI YASHWANT SINHA)
(a), (b), (c) & (d): A statement is laid on the Table of the House.

Statement referred to in Reply to parts (a) to (d) of the Lok Sabha Starred Question No. 485 regarding ` Foreign Exchange Reserves ` for answer on 22-12-2000.

(a) : The foreign exchange reserves with the Reserve Bank of India, which have been accumulated over the years, represent the net outcome of India`s international transactions on both the current and capital accounts of balance of payments. Therefore, it is not appropriate to apportion the stock of foreign exchange reserves to any single or group of transactions, including the NRI deposits. However, outstanding balances under various Non-Resident Deposit Schemes amounted to US $23.46billion at the end of October 2000.

(b) : No, Sir. On the contrary, net accretions to NRI deposits during April-October 2000 at US $1331 million have been higher than those at US $1171 million during the corresponding period of last year. Besides, Non-Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) have also made overwhelming subscription of US $5.51 billion to the India Millennium Deposits (IMD floated by the State Bank of India (SBI) between 21st October and 6th November, 2000.

(c) : India`s exports, in terms of US dollar, recorded a strong recovery of 13.2 per cent in 1999-2000 and the growth rate has accelerated to 20.5 per cent during the first seven months of 2000-01.

(d) : India`s foreign exchange reserves (including gold and SDRs) at a record level of US $39.48 billionas on December 8, 2000 are comfortable. Nevertheless, the situation is closely monitored and appropriate measures are taken, from time to time, to increase growth of exports and invisible earnings and to enhance the flows of capital, particularly foreign direct investments.